

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6584

BILL NUMBER: SB 212

NOTE PREPARED: Feb 1, 2010

BILL AMENDED: Jan 25, 2010

SUBJECT: Public Library Matters.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Austin

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Budgets and Bond Issues of Public Libraries*. This bill provides that in the case of a public library that: (1) is outside Marion County; (2) has assessed valuation inside and outside a city or town but was originally established by the city or town; and (3) has a non-elected board; any required approval of the public library's budget, property tax levy, or bond issues must be made by the county council (rather than the city or town that originally established the public library, as required under current law) if more than 50% of the parcels of real property within the jurisdiction of the public library are located outside the city or town.

Reappointment to the Library Board: The bill provides that an appointee to a Class 1 public library board who serves four consecutive terms may be reappointed to the board at least four years after the date the appointee's most recent term ended.

Library Cards: The bill allows a Class 1 or Class 2 public library board to issue local library cards without charge to a nonresident of the library district who is: (1) a library employee of the district; or (2) a teacher employed by a school corporation or nonpublic school located in the district; if the library board adopts a resolution that is approved by an affirmative vote of a majority of the members appointed to the library board.

Collection of Unpaid Debt: The bill allows a Class 1 or Class 2 public library board to designate a third party to collect money for the library regardless of the amount of money owed. (Current law allows a Class 1 library board to designate a third party to collect amounts over ten dollars.)

Dissolution of Library Districts: The bill allows a Class 1 or Class 2 library district to dissolve if identical resolutions are adopted by a majority of the appointed members of the: (1) legislative bodies of the

municipalities, townships, and counties that are a part of the district; and (2) the library board. It requires that copies of the resolutions must be filed not later than ten days after the resolution is adopted with the State Library and the county recorder of each county in which the library district is located. It provides that a dissolution is not effective until: (1) all legal and fiscal obligations of the library district have been satisfied; (2) the assets of the district have been distributed; and (3) a notice is filed with the county recorder and the State Library that the dissolution is final.

Electronic Funds Transfer: The bill also allows a Class 1 or Class 2 public library to pay claims by electronic funds transfer if the library board authorizes the payment method by adopting a resolution.

Effective Date: Upon passage; July 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Budgets and Bond Issues of Public Libraries:* Under current law, a public library that has a non-elected board and whose assessed valuation is not entirely contained within a city or town but was originally established by the city or town, is required to have its budget and property tax levy, and bond issues approved by the city or town fiscal body. Under this bill, if more than 50% of the parcels of real property within the jurisdiction of the library are located outside the city or town limits, the county council rather than the city or town fiscal body would become the approving authority. Neither current law nor this proposed legislation applies to public libraries in Marion County.

The fiscal impact of this proposal would depend upon whether the county council would approve a lower budget and property tax levy, or a smaller bond issue than would have been approved by the city or town fiscal body. If the budget or the amount of the bond issue would be the same, then the fiscal impact is minimal.

(Revised) *Reappointment to the Library Board:* Under current law, an appointee to a Class 1 library board may not serve more than four consecutive terms. However, if the library district has a population of less than 3,000 and an exhaustive search for a replacement is unsuccessful, the appointing authority may reappoint a board member who has served four or more consecutive terms. Current law limits a Class 2 library board member to a single four-year term.

The bill permits a less restrictive policy on reappointment to Class 1 library boards only (Class 2 library board members would still be limited to a single four-year term). It provides that a board member who serves four consecutive terms may be reappointed at least four years after the date the appointee's most recent term ended. Additionally, an unexpired term of two years or less that an individual serves in filling a vacancy on the board may not be counted in computing consecutive terms.

The fiscal impact would depend on how difficult (or costly) it is to replace a board member whose term has expired. As a minimum, the bill would make it much easier to keep well-qualified individuals on the board.

Dissolution of Library Districts: The bill establishes the procedure whereby a Class 1 or Class 2 library can dissolve: (1) the resolution to dissolve be adopted by a majority vote of the appointed board members; (2) the legislative bodies of the municipalities, townships, and counties that are a part of the district must approve the resolution; (3) the resolution must then be filed at the State Library and at the county recorder

in each county in which the library district is located; (4) all legal and fiscal obligations of the library district have been satisfied; (5) the assets of the district have been distributed and (6) a notice is filed with the county recorders and the State Library that the dissolution is final. The fiscal impact is minimal.

Electronic Funds Transfer: The bill also allows a Class 1 or Class 2 public library to pay claims by electronic funds transfer if the library board adopts a resolution authorizing this payment method. The fiscal impact is minimal.

Explanation of Local Revenues: *Library Cards:* Under current law, a library board may issue a local library card to residents of the library district free of charge, and for a fee (\$25 minimum) to Indiana residents who are not residents of the library district. The board, at its discretion, may charge a reduced fee to students who attend a public or nonpublic school in the library district.

Under this bill, the board by majority vote, may issue a library card free of charge to employees of the library district and employees of a school corporation or nonpublic school located in the district. This may reduce the amount of revenues the district receives from issuing library cards.

Collection of Unpaid Debts: Under current law, a Class 1 library board may designate a third party to collect money for the library if the amount is over ten dollars (there is no similar provision for a Class 2 library). This bill would permit both Class 1 and Class 2 libraries to designate a third party to collect money on their behalf regardless of the amount owed. This may increase the amount of revenue collected by libraries, especially Class 2 libraries.

State Agencies Affected: State Library.

Local Agencies Affected: Public libraries.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.